

Message Text

CONFIDENTIAL

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 SSO-00 NSCE-00 USIE-00
INRE-00 ERDA-05 AID-05 CEA-01 CIAE-00 COME-00
EPG-02 DODE-00 FEAE-00 FPC-01 H-01 INR-07 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-04 OES-07 SP-02
SS-15 STR-04 TRSE-00 ACDA-07 /095 W
-----021836Z 040620 /43

O 021825Z JUN 77

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 3653

INFO AMCONSUL MONTREAL

ALL OTHER CONSULATES IN CANADA (BY POUCH)

C O N F I D E N T I A L OTTAWA 04584

E.O. 11652: DGS

TAGS: ENRG, CA, EWWT

SUBJECT: ENERGY: KITIMAT CONSORTIUM PULLS BACK APPLICATION

REF: OTTAWA 3867

1. KITIMAT PIPELINE LTD. HAS ASKED NATIONAL ENERGY BOARD (NEB) TO SET ASIDE ITS APPLICATION TO BUILD KITIMAT-EDMONTON PIPELINE TO BRING ALASKAN CRUDE OIL TO NORTHERN TIER STATES UNTIL AFTER BOARD REVIEWS COMPETING PROPOSAL BY TRANS MOUNTAIN PIPE LINE. LETTER TO NEB FROM CONSORTIUM STATES KITIMAT PROJECT PARTICIPANTS HAVE REVIEWED TRANS MOUNTAIN'S PROPOSAL TO MODIFY ITS CHERRY POINT-VANCOUVER-EDMONTON LINE TO SHIP OIL EASTWARD, THEY BELIEVE IT HAS CONSIDERABLE MERIT AND WILL ACHIEVE MAIN OBJECTIVE OF KITIMAT PROJECT, ESPECIALLY IF CAPACITY IS SUFFICIENTLY EXPANDED, AND THEY THEREFORE WISH TO INTERVENE IN GENERAL SUPPORT OF TRANS MOUNTAIN PROPOSAL.

2. ACCORDING TO JUNE 2 GLOBE AND MAIL REPORT, KITIMAT
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OFFICIAL SAID HIS GROUP IS "STEPPING ASIDE TO SEE WHAT TRANS MOUNTAIN CAN DO" FIRST, ADDING THAT IF TRANS MOUNTAIN'S PROJECT IS APPROVED THEN KITIMAT WOULD BE DEAD, AT LEAST UNTIL ANOTHER CROSS-CANADA PIPELINE WERE NEEDED. OFFICIAL ALSO REFERRED TO GROWING ENVIRONMENTAL OPPOSITION TO PROJECT AND TO COST OF KITIMAT PROJECT. TRANS MOUNTAIN'S PROPOSAL TO ALTERNATE OR REVERSE CRUDE

OIL MOVEMENTS ON ITS EXISTING LINE IS MUCH LESS COSTLY.

3. EMBOFF CONTACTED NEB AND ENERGY MINES AND RESOURCES (EMR) SOURCES FOR COMMENT. NEB SOURCE SEEMED SURPRISED BY KITIMAT CONSORTIUM'S ACTION. EMR SOURCE WAS LESS SURPRISED; HE SPECULATED THAT UNDERLYING FACTORS MOTIVATING KITIMAT PARTICIPANTS ARE: (A) APPARENT COST EFFECTIVENESS OF TRANS MOUNTAIN PROPOSAL, (B) WORRY ABOUT STRUGGLE WITH GROWING STRENGTH OF ENVIRONMENTAL LOBBY AND (C) STRINGENCY OF CANADIAN TERMPOLS REGULATIONS THAT WOULD PROBABLY HAMPER EFFICIENCY OF TERMINAL AT KITIMAT (OTTAWA 3867).

4. COMMENT: KITIMAT'S WITHDRAWAL RAISES QUESTION ABOUT FUTURE COURSE OF THOMPSON AND OTHER INQUIRIES. KITIMAT PROJECT PROPOSAL WAS ORIGINAL STIMULUS FOR INQUIRIES BUT THEIR TERMS OF REFERENCE DEAL WITH TOTAL PROBLEM OF OIL SHIPMENTS THROUGH AND PAST B.C. COASTAL COMMUNITIES AND OVERLAND TO EDMONTON. KITIMAT WITHDRAWAL THEREFORE NOT LIKELY TO END INQUIRIES BUT TO SHARPEN FOCUS FOR MOMENT ON PROBLEM OF SUPER TANKERS IN VANCOUVER-PUGET SOUND AREA. INQUIRIES WILL ALSO HAVE TO ACCOUNT FOR POSSIBILITY THAT TRANS MOUNTAIN'S PROPOSAL MIGHT BE TURNED DOWN WHICH WOULD THEN REVIVE KITIMAT PROPOSAL.

5. KITIMAT PARTICIPANTS MAY ALSO HAVE DECIDED AS TACTICAL CONSIDERATION TO ALLOW HIGH DECIBEL POLITICAL ROW TO DEVELOP BETWEEN ENVIRONMENTALISTS AND PROPONENTS OF MORE TANKER TRAFFIC IN PUGET SOUND, HOPING THAT KITIMAT CONFIDENTIAL

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WILL EMERGE AFTER COMPARISON AS MORE POLITICALLY AND ENVIRONMENTALLY VIABLE ALTERNATIVE. ENDERS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Concepts: CONSTRUCTION, PETROLEUM PIPELINES, JOINT VENTURES
Control Number: n/a
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Sent Date: 02-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
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